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Statement of the Illinois Hospital Association

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INCENTIVIZING DELIVERY SYSTEM REFORMS TO IMPROVE QUALITY AND THE USE OF HEALTH INFORMATION TECHNOLOGY

INTRODUCTION

On behalf of 200 hospitals and health systems across Illinois, the Illinois Hospital Association (IHA) and the hospital community thank you for the opportunity to comment on key priorities of health care reform – improving the quality of health care and the critical role that a robust health information exchange plays in achieving the best outcomes for our patients and communities.

The Patient Protection and Affordable Care Act's (ACA) provisions addressing quality are intended to transform health care so that every patient gets the right care, at the right time, in the right setting, with the right positive patient outcome. In IHA's relentless pursuit to advance quality patient care across Illinois, IHA has created the Quality Care Institute, a statewide center, as a visible commitment to promote excellence in performance improvement across Illinois' delivery systems. The Institute's dynamic efforts build upon existing quality and safety initiatives, engaging our organizations in shared learning networks and applying innovative strategies for strengthening the quality of health care delivery – with the ultimate objective of becoming national leaders in quality patient care. Campaigns for reducing hospital readmissions, and hospital-acquired conditions and infections are well underway.

INCENTIVIZING DELIVERY SYSTEM REFORMS TO IMPROVE QUALITY

The ACA seeks to increase the value of health care expenditures by raising the bar on quality and, at the same time, exert downward pressure on the cost curve. Such changes are predicated on a movement away from payment based on the volume of care provided. IHA supports changes needed to increase quality and control costs. However, the perfect replacement for a volume-based payment system is not yet evident. Indeed, it may take different forms, depending on individual providers and locations. Therefore, the Act offers many opportunities for piloting innovative approaches to delivering health care, with the intent of discovering methods that provide better value. One of the approaches is the "medical home" where each patient receives primary care and management of overall care to address chronic conditions and promote wellness. Another involves bundling the payment for an "episode of care" to various providers in different settings, such as the physician's office, the hospital, and the nursing home, in an effort to increase patient care coordination among providers.

Another health reform model that is being promoted is the Accountable Care Organization (ACO) which enables groups of health care providers to become jointly responsible for a population of assigned Medicare patients, and to share in savings realized from higher quality and lower cost patient care. IHA supports the ACO concept as a key framework upon which to build collaboration and efficiencies and will work with its members, the state and other interested parties to implement ACOs.

Efforts are already underway. Advocate Health Care, the state's largest health care system and a national model for clinical integration has recently announced that it and Blue Cross and Blue Shield of Illinois have entered into a shared savings type agreement that holds the ten Advocate hospitals and physicians accountable for reaching performance targets tied to improved quality of care to patients with coverage under the Illinois Blue Cross HMO and PPOs. In exchange for improving quality, safety and efficiencies, Advocate has the opportunity to share in the savings generated by more coordinated care that also weeds out waste from the system.

KEY ISSUES TO CONSIDER IN INCENTIVIZING DELIVERY SYSTEM REFORMS

Identifying better ways to accomplish a goal always takes much time and effort, and it is no different for health care reform. So what is needed during this time of discovery? In implementing federal health care reform, we urge the State to consider the following principles:

- **Reinvest Savings in Health Care.** As the state implements health care reform and achieves savings in existing state health care programs, such as Medicaid, those savings should be reinvested in further improving access to quality health care, especially for the substantial number of persons who will not be covered by the expansion of Medicaid.

- **Flexibility.** Because hospitals are key economic engines for Illinois communities, generating not only hundreds of thousands of jobs but also billions of dollars for the state's economy, it is critical during this transition, that hospitals have flexibility to sustain current operations, while simultaneously taking steps to re-align, integrate with other providers, and better coordinate care, in accordance with an expected plethora of new federal rules. The State must resist establishing rigid requirements that impair these efforts.

  In addition, the State should provide for periodic evaluations of new arrangements and requirements, to allow for mid-course corrections that reflect what is learned by early adopters of new delivery and payment systems.

- **Ability to Form or Join Systems of Care.** State regulations should allow for new business arrangements among health care providers, and new payment mechanisms. This may require amendment of current rules governing the relationships among providers to incentivize collaboration and the distribution of shared savings. For example, new exceptions to the health care worker prohibition on self-referral may be necessary to accommodate the distribution to providers of shared savings achieved by more efficient and cost-effective care. The State should consider adjustments to statutes and regulations

that may be needed to create a pathway for all types of providers to collaborate by forming or joining new accountable systems of care.

One area where the state should focus immediate attention is promoting behavioral health systems of care that integrate mental health and medical care. We hear from all across the state that the behavioral health system in Illinois is broken. There are sparse resources for patients who could be cared for in community based settings. So when patients are in crisis, they seek care in hospital emergency departments. Particularly in rural areas, hospitals do not have the resources to provide the best care for these patients. There are few psychiatrists and other mental health professionals.

To maximize the use of very scarce resources and improve care for behavioral health patients the state should facilitate the formation of regional behavioral health systems of care. These could include Federally Qualified Health Centers (FQHCs) and telemedicine networks, among other elements.

- **Ability to Enter Into Arrangements with Insurers**. The State should encourage arrangements between health care providers and insurers as part of the quest for a system that rewards higher quality, more efficient care and incentivizes hospitals and physicians for the care management role that currently is uncompensated.

- **Consistency among Federal, State and Private Payors.** As the state seeks to implement health care reform, it is important that incentives and approaches adopted by the state be consistent with approaches adopted by the federal government and private payors. Hospitals have struggled in recent years with having to comply with and respond to quality improvement initiatives and reporting requirements imposed by different levels of government. Adopting standardized measurements approved by the National Quality Forum and Centers for Medicare and Medicaid Services will support focused quality improvement efforts and reduce administrative burdens by having to report processes and outcome measurements using publicly adopted standards.

- **Streamline Current Rules.** State regulators of hospitals should work with IHA to identify opportunities to streamline current rules governing hospital operations, in preparation for the state's promulgation of additional rules to implement federal health reform.

- **Reasonable expectations.** While coordinated systems of care can be expected to promote both higher quality care and reduce health care expenditures, cost savings may not be immediate. Hospitals will need time to align with physicians and other providers across the continuum, continually analyze data to assess their performance, and continually implement improvement strategies. This will not happen overnight.

HEALTH INFORMATION TECHNOLOGY

There is considerable and growing evidence of the value to patients and the cost savings resulting from the implementation of electronic health records (EHRs) and health information exchanges (HIEs). Hospitals implementing EHRs achieve greater effectiveness and efficiencies with increased technology support through usage of evidence based practices; reduction of administrative burdens; increased coordination of care; decreases in redundant laboratory and diagnostic exams; usage of drug interaction tools; development of continuum-of-care plans for patients; improved processes and outcomes of care due to interactive intervention reminders; and increased care coordination for patients among multiple specialists and care givers.

High performance HIEs and EHRs are critical to provider efforts to implement new and better health care delivery system models to improve the quality of care for all patients, advance public health, and reduce costs. Access to objective health care information is essential to better understand processes and outcomes of care and to improve coordination of care along a continuum. It is also important that the information on patients be protected and kept secure but be available when patients need it. Building the Health Information Technology (HIT) highway to the future, however, is a complex challenge mandating involvement and collaboration from numerous stakeholders and multiple funding sources. The state's continuous and enhanced involvement is essential.

Currently there are several initiatives throughout Illinois aimed at developing local and regional HIEs. These preliminary efforts require state support and encouragement with the understanding that in time they will need to easily connect to maximize information exchange and operational efficiencies. The state must rapidly increase its involvement and commitment to advance HIE and to obtain federal funding so Illinois is positioned to implement and operate a statewide HIE. With the majority of health care providers required to be EHR and HIE compliant by 2017 or face financial penalties, we need the state to provide the HIE infrastructure in which local, regional and state HIEs can operate.

IHA and Hospital Community Engaged in HIE Implementation Planning
Under the Illinois Office of Health Information Technology (OHIT), the HIE Advisory Group has developed strategic directions and relationships with partners from health care sectors throughout the state. The Advisory Group has formed multiple work groups composed of health care stakeholders, including hospitals, to address issues including:

- Behavioral Health
- Clinical Quality and Integration
- Consumer/Patient Education and Public Awareness
- Finance Sustainability
- Governance
- Medicaid
- Privacy and Security
- Public Health
- Technology/Interoperability
- Telehealth

IHA is actively engaged with OHIT, with representation on the HIE Advisory Group and several of the work groups, providing recommendations to help OHIT develop an effective HIE implementation plan for the state. Earlier this month, IHA hosted a call with OHIT for our hospital and health system members to encourage them to complete OHIT's survey of providers to gauge their readiness in implementing "meaningful use" EHRs and HIE. The survey results will identify any gaps among providers in planning and implementation.

Several key steps need to be taken by the state in the coming months to make sure that Illinois has the structure and funding in place to implement HIE.

KEY RECOMMENDATIONS ON HIE/HIT

State Should Submit its Medicaid Incentive Plan in January 2011
Under ACA, hospitals and physicians that provide care for Medicaid patients are eligible to receive incentive payments for EHR implementation that meets "meaningful use" criteria. The HIE Advisory Group and the Medicaid Work Group have been working closely with OHIT and the Illinois Department of Healthcare and Family Services (HFS) to develop the meaningful use performance-based incentive plan so HFS can apply for federal matching dollars. The goal is for the state to submit the plan for the first phase in January 2011 so EHR funding for eligible physicians and hospitals is available in the spring. **We ask for the state's continued support in ensuring the HFS plan for Medicaid EHR incentives is submitted in January 2011 so hospitals and physicians can build and enhance their EHRs.**

Illinois HIE Authority Should be Appointed as soon as possible
In order to develop and implement a sustainable HIE plan, we respectfully urge Governor Quinn to move expeditiously to appoint the eight directors and executive director of the Illinois Health Information Exchange Authority. Under legislation (HB 6441/PA96-1331) passed overwhelmingly by the Illinois House and Senate and signed by Governor Quinn in July 2010, the HIE Authority will establish and operate the HIE and foster the widespread adoption of electronic health records and participation in the HIE. As the General Assembly identified the Authority as a key component in advancing HIE within Illinois, **we ask that the Authority's directors and executive director be appointed as soon as possible so that HIE plans can advance in Illinois and eligible providers can receive their incentive payments in a timely manner.**

Development of HIE Plans
The U.S. Centers for Medicare and Medicaid Services has a matching program for HIE information infrastructure developments through state Medicaid plans. **We ask that the state develop its Medicaid HIE infrastructure plan and utilize Medicaid Management Information Systems funds to implement information infrastructures for EHR and HIE implementation.**

Because the state and various stakeholders are committing substantial resources and time in developing and implementing *regional* HIE plans, **we ask that any plans developed by the HIE Authority and any plans needing federal approval require participation in a regional HIE, health system, or the state HIE**. Most health care is local, as are referral patterns as

identified through the local Medical Trading Areas (MTAs) and their HIE plans developed over the past 18 months. If a provider opts to utilize HIE services outside its MTA, it should be through the state HIE. **Local MTA, health system, and state HIE initiatives need to be financially sustainable, so participation in one or both of them should be required.**

We also request that any information required by the Illinois Department of Public Health (IDPH) be allowed to be submitted through health care provider EHR or HIT systems as long as the reported data and information meets the standardized format and content specifications provided by IDPH.

Continuation of Healthcare Stakeholder Engagement
In addition to the Illinois HIE Authority, it will be critical to continue the engagement of health care stakeholders in discussions and development for EHRs and HIE. The OHIT has played a critical role in facilitating discussions among current and potential future trading partners, in advancing the implementation of EHRs among hospital and physicians, and providing a forum for HIE discussions among Medical Trading Area grant recipients. **We ask that the state continue the support for OHIT and its initiatives and that the ongoing collaboration continue between OHIT and various health care stakeholders.**

Advance Illinois Quality of Care and EHR Concerns to the National Level
While IHA has raised these issues at a national level, **we ask that the state join IHA and request that federal funds be available for hospital systems that operate multiple hospitals under a single payer identification number and that behavioral health, rehabilitation, and long-term acute care hospitals be afforded the same incentive plans to implement EHRs and HIE.**

Currently, there are several system hospitals within Illinois that operate under a single hospital identifier for their system and are not eligible to participate in the incentive plan for each of their hospitals. Additionally, several types of hospitals that play a critical role in health care delivery are systematically excluded from participating in incentive plans. The behavioral health, rehabilitation, and long-term acute care hospitals serve many patients throughout Illinois and often times receive and transfer patients to acute care hospitals. With these hospitals not having EHR incentive plans to participate in EHRs or HIE, the value of EHRs and HIE for acute care hospitals is diminished when receiving patients from or transferring patients to these hospitals.

CONCLUSION

Our Illinois hospitals' first priority is to provide safe, quality care to our patients. IHA is ready and willing to continue our work with the state and other interests to address health care reform efforts that best complement and advance that objective. IHA appreciates the opportunity to express our concerns and recommendations and looks forward to putting Illinois on the map as a premier state for health care quality and patient safety.